



FIAT CHRYSLER AUTOMOBILES

P M & P / LMA

Joint Programs Funding

September xx, 2015

PM&P
UNPUBLISHED LETTER
Joint Programs Funding
NUP-xxx

International Union, UAWAttention: Mr. Norwood H. JewellDear Sirs:

Aforementioned, in Memoranda M-9, Section IV. A. Funds of the P, M & P, the parties agreed that the Joint Activities Board will establish and approve an annual budget based on the circumstances that exist at the time of budget preparation.

In addition, the parties discussed the need to develop a solution to address any budget shortfalls during the term of the agreement, should they occur. To address this need, the parties agreed:

- The mechanics of the funding formula, previously included in Memoranda M-9, section IV. A. Funds of the P, M & P (as outlined below), will be utilized in the following manner;
- - Annually, 25% of the difference between the amount calculated using the formula and actual expenditures shall be recorded as a liability on the Company's books.
 - The difference noted above, will accumulate over the term of the 2015 agreement. The liability balance may be utilized to cover the following:
 - Justifiable expenditures not included in the annual budget. These expenditures would require mutual agreement between the Vice President of Employee Relations of FCA US LLC and Vice President and Director of the Chrysler Department of the UAW and will be submitted to the Chief Financial Officer of FCA US LLC
 - Annual deficits where actual expenditures exceed budget
 - Further, upon expiration of the 2015 agreement, 25% of the remaining liability balance would be carried forward to the next agreement

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- The following chart provides an illustration of the application of the changes noted above:

<u>\$ Millions</u>	<u>Yr 1</u>	<u>Yr 2</u>	<u>Yr 3</u>	<u>Yr 4</u>
<u>Budget</u>	\$ 37.0	\$ 33.5	\$ 32.0	\$ 30.0
<u>Actual Expenditures</u>	37.0	34.0	32.0	30.0
<u>Surplus / (Deficit)</u>	\$ -	\$ (0.5)	\$ -	\$ -
<u>Formula calculates</u>	\$ 51.0	\$ 46.0	\$ 42.0	\$ 28.0
<u>Actual Expenditures</u>	37.0	34.0	32.0	30.0
<u>Surplus / (Deficit)</u>	\$ 14.0	\$ 12.0	\$ 10.0	\$ (2.0)
<u>25% of Surplus</u>	\$ 3.5	\$ 3.0	\$ 2.5	
<u>Liability - Beginning of Year</u>	\$ -	\$ 3.5	\$ 6.0	\$ 8.5
<u>25% of Surplus</u>	3.5	3.0	2.5	-
<u>Application to Deficit</u>	-	-	-	(2.0)
<u>Justifiable expenditures</u>	-	(0.5)	-	-
<u>Liability - End of Year</u>	\$ 3.5	\$ 6.0	\$ 8.5	\$ 6.5

As of December 31, 2015, the initial liability on the Company's books will equal 25% of the difference between fiscal year 2015 actual expenditures and the amount calculated using the formula.

- The formula will be utilized to calculate the amount to be compared to actual expenditures each year and will include:
 - Nineteen cents (19¢) per hour worked
 - up to \$5.00 per overtime hour worked in incremental amounts in excess of five percent (5%) of straight time hours worked (calculated on a twelve month rolling average) in accordance with the following incremental table:

Overtime hours as Percent of Straight Time Hours Additional Amount Per Hour

5% or less	\$0.00
Greater than 5% thru 12%	1.25
Greater than 12% thru 13%	1.50
Greater than 13% thru 14%	2.00
Greater than 14% thru 15%	2.50
Greater than 15% thru 16%	3.00
Greater than 16% thru 17%	3.50
Greater than 17% thru 18%	4.00
Greater than 18% thru 19%	4.50
Greater than 19%	5.00

Very truly yours,

NAG 8-3-15
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CHRYSLER, LLC

By: Glenn Shagena

Accepted and Approved:
INTERNATIONAL UNION, UAW

By: Norwood H. Jewell

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